

VZCZCXRO5636
PP RUEHDBU
DE RUEHYE #0333/01 1351634
ZNY CCCCC ZZH
P 151634Z MAY 09
FM AMEMBASSY YEREVAN
TO RUEHC/SECSTATE WASHDC PRIORITY 9058
INFO RUCNCIS/CIS COLLECTIVE PRIORITY
RUEHAK/AMEMBASSY ANKARA PRIORITY 1759
RUEHIT/AMCONSUL ISTANBUL PRIORITY 0770

C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000333

SIPDIS

E.O. 12958: DECL: 05/14/2019

TAGS: [PREL](#) [EAID](#) [PGOV](#) [KPAO](#) [KMDR](#) [AJ](#) [AM](#)

SUBJECT: GOVERNMENT COMPLAINTS FOLLOW MEDIA FUROR OVER U.S.
AID BUDGET AND MILITARY AID TO AZERBAIJAN

Classified By: Ambassador Marie L. Yovanovitch. Reasons 1.4 (b/d)

SUMMARY

11. (C) Repeating Diaspora lobby group talking points, Armenian media have produced a barrage of stories lambasting the alleged 38 percent cut in U.S. assistance to Armenia for FY 2010, and noting that the Administration requested more military assistance funding for Azerbaijan than for Armenia. Some media linked Armenians' disappointment over the budget request to President Obama's April 24 statement that failed to label the 1915 massacres as "genocide," and implied an emerging anti-Armenian tilt in the new Administration. During the May 13 U.S.-Armenia Task Force (USATF) meeting, Deputy Foreign Minister Kirakossian raised these concerns officially, noting that the succession of negative messages from Washington comes at a sensitive time in regional negotiations. The USG side at USATF noted that the President's statement and the budget proposals are unrelated, but the GOAM asserted that their close timing makes them appear to be coordinated. Officials claim that these events, combined with President Aliyev's 2 billion USD defense budget and bellicose rhetoric, plus the linkage that Turkey insists on between the Turkey-Armenia normalization process and Nagorno-Karabakh negotiations are creating a serious political problem for the Government. END SUMMARY.

REDUCED AID REQUEST A SIGN OF REDUCED STATUS?

12. (C) During the final session of the U.S.-Armenia Task Force meeting on May 13, Deputy Foreign Minister Arman Kirakossian raised the GOAM's concern that the Administration's FY 2010 budget request is 38 percent lower than the actual appropriated assistance in FY 2009. The GOAM indicated that it perceives the President's choice not to use the term "genocide" in his April 24 statement commemorating Armenian Remembrance Day, as well as higher amounts of military-related assistance proposed for Azerbaijan, as signs of a possible change in the new Administration's orientation toward Armenia. Kirakossian said that the combined effect of these events has created a political problem for the GOAM, even though the Government recognizes that the assistance issue will ultimately be resolved in the U.S. Congress. The GOAM asserted that the President's statement, combined with the budget proposals and the perceived slowdown in progress toward Turkey-Armenia normalization due to linkage with the N-K negotiations, also created the perception that the USG is siding with Azerbaijan, or might not be a credible honest broker in the Minsk Group process.

13. (C) Assistance Coordinator Rosenblum replied that while the USG understands the concern about perception, the assistance request is purely a technical issue, with budget numbers having been formulated months ago. While the timing may be unfortunate, there is no connection between the budget request and recent events or the President's April 24 statement. The Ambassador noted that the budget proposal on military assistance reflects USG priorities in the Caspian

region, where the United States is cooperating with the GOAJ.

The constructive way to use this issue, she said, is to look for ways to enhance military cooperation between the USG and the GOAM, rather than to allow the issue of parity in military assistance to become an annual irritant. Kirakossian indicated that the GOAM would be open to such cooperation.

¶4. (U) The media furor broke out in response to a local Armenian-American political lobby group representative's May 8 press conference, as the complete spectrum of Armenian media outlets uncritically published the lobby talking points as fact: a 38 percent cut and the break in "parity" with Azerbaijan on FMF/IMET funding in Azerbaijan's favor, all hyped as a crisis in U.S.-Armenian relations. There was no mention of the "apples and oranges" nature of comparing the Administration request for FY 2010 to the appropriated FY 2009 figure, nor did any news outlets provide historical context on how the Washington budget and appropriations process has played out on Armenian assistance funding over recent years.

COMMENT

¶5. (C) Armenian officials are aware of the budgetary/appropriations processes in Washington, and that the lobby groups are peddling a deeply misleading set of facts, but at the same time can ill afford to be "soft" on this issue now that it has become a public controversy. Moreover, Armenian officials are not immune to the conspiracy theory that the USG is coordinating an anti-Armenian policy.

YEREVAN 00000333 002 OF 002

¶6. (C) The Ambassador issued a letter to editors on May 13 to correct the record on assistance and explain our budget process. The letter was carried by most major outlets, and has been noted at the MFA. We also have a public diplomacy effort underway to highlight 20 years of U.S. assistance, and have been invited by Armenian Public Radio to speak on these issues next week, creating an opportunity to tell our side of the story. Still, it will be an uphill battle, as the Diaspora pulls out all the stops and the GOAM remains on the defensive. End Comment.

YOVANOVITCH